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Report of the Economic and Social Council

Macroeconomic policy questions: external debt sustainability and development

Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the 2008 Review Conference

Economic and Social Council
2014 session
Items 5, 9 (a) and 16 of the provisional agenda*

High-level segment

Implementation of and follow-up to the major United Nations conferences and summits: follow-up to the International Conference on Financing for Development

Economic and environmental questions

Letter dated 7 July 2014 from the Permanent Representative of the Plurinational State of Bolivia to the United Nations addressed to the Secretary-General and the President of the Economic and Social Council

I have the honour to transmit herewith the declaration in support of Argentina regarding the ruling on NML Capital Ltd. vs. Republic of Argentina, adopted by the Member States of the Group of 77 and China at an ambassadorial meeting held at United Nations Headquarters on 25 June 2014 (see annex).

On behalf of the Group of 77 and China, I would appreciate it if the present letter and its annex were circulated as a document of the sixty-eighth session of the General Assembly, under agenda items 9, 17 (c) and 18, and of the 2014 session of the Economic and Social Council, under items 4, 8 (a) and 15 of its provisional agenda.

(*Signed*) Sacha Sergio **Llorentty Solíz**
Ambassador and Permanent Representative
Chair of the Group of 77

* E/2014/1/Rev.1, annex II.

14-57344 (E) 150714

Please recycle

Annex to the letter dated 7 July 2014 from the Permanent Representative of the Plurinational State of Bolivia to the United Nations addressed to the Secretary-General and the President of the Economic and Social Council

Declaration in support of Argentina regarding the ruling on NML Capital Ltd. vs. Republic of Argentina

The Group of 77 and China met at the ambassadorial level on 25 June 2014 and was briefed by Hector Timerman, Minister of Foreign Affairs and Worship of Argentina, and Axel Kicillof, Minister of Economy and Public Finance of Argentina, on New York District Court Judge Thomas Griesa's ruling on the NML vs. Argentina case.

The Group of 77 and China expressed its full solidarity and support for Argentina regarding this issue and highlighted its concerns over the serious consequences of the ruling, which go far beyond Argentina and could affect any country facing similar situations. Furthermore, the Group stressed its deep concern about this judicial decision and considered that it was not the proper instance for resolving these issues. The Group underlined that this ruling could have adverse systemic implications, given that the voluntary renegotiations of debts and debt restructurings would become more difficult if not impossible.

The Group of 77 and China further called for a process that promotes fair and balanced negotiating conditions to resolve this dispute, taking into account the interests of 100 per cent of the bondholders.

The Group of 77 and China furthermore recalled that, in the declaration adopted in Santa Cruz de la Sierra, Plurinational State of Bolivia, on 15 June 2014 (A/68/948, annex), the Heads of State and Government of the Group of 77 and China noted that "a new concern has emerged relating to the activities of vulture funds". They also expressed that "recent examples of the actions of vulture funds in international courts have revealed their highly speculative nature", and that "such funds pose a risk to all future debt-restructuring processes, both for developing and developed countries". They therefore "stressed the importance of not allowing vulture funds to paralyse the debt-restructuring efforts of developing countries, and that these funds should not supersede a State's right to protect its people under international law".

Finally, the Group of 77 and China reiterated the urgent need for the international community to examine options for an effective, equitable, durable, independent and development-oriented international debt resolution mechanism, and called upon all countries to promote and contribute to the discussions within the United Nations and other appropriate forums with that objective.

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Economic and Social Council

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2014 session
Item 5 (b) of the provisional agenda*
High-level segment: Development Cooperation Forum

Letter dated 17 July 2014 from the Permanent Representative of Ethiopia to the United Nations addressed to the President of the Economic and Social Council

I have the honour to transmit herewith the report of the high-level symposium of the Development Cooperation Forum held in Addis Ababa on 6 and 7 June 2013 on the theme "A renewed global partnership for development for a post-2015 era" (see annex).

I would be grateful if the present letter and its annex could be circulated as a document of the Council, under item 5 (b) of the provisional agenda.

(*Signed*) Tekeda **Alemu**
Permanent Representative

* E/2014/1/Rev.1, annex II.

14-58070 (E) 070814

Please recycle

Annex to the letter dated 17 July 2014 from the Permanent Representative of Ethiopia to the United Nations addressed to the President of the Economic and Social Council

Report of the Ethiopia high-level symposium of the Development Cooperation Forum, held in Addis Ababa on 6 and 7 June 2013[a]

A renewed global partnership for development for a post-2015 era

The Department of Economic and Social Affairs of the Secretariat, in collaboration with the Government of Ethiopia, organized the first high-level symposium for the 2014 Development Cooperation Forum in Addis Ababa on 6 and 7 June 2013.

The Ethiopia high-level symposium had three key objectives:

- Assess how to shape a global partnership for development that addresses existing gaps in implementation, as well as new opportunities and challenges, including those created by the more diverse development cooperation of today.
- Consider how to include different development approaches in the global partnership for development and which characteristics would turn it into a valuable mechanism for engagement of all actors in development cooperation.
- Focus in particular on the purposes of a renewed global partnership for development and its guiding principles, in addition to key features needed to meet the expectations of the various actors as to what the global partnership for development should do and how it should work, including a stronger monitoring and accountability mechanism.

The symposium brought together more than 150 high-level participants from a broad range of stakeholders. It encompassed several pre-meetings and side events, including for the least developed countries, civil society organizations, parliamentarians and research institutes. These are listed in section 3 of the present report.

A meeting of Directors General of Southern partners in development cooperation was held back to back with the symposium. Participants discussed how to create a shared framework for their cooperation, building on the conference of Southern providers of development cooperation held in New Delhi in April. They discussed the next steps in key analytical areas, including the principles, definition, measurement and indicators of South-South cooperation, to be taken in cooperation with their national think tanks and supported by the Department of Economic and Social Affairs and the United Nations Office for South-South Cooperation. The Development Cooperation Forum will provide the space for further consultations and discussions on the results of their work.

The symposium also featured the engagement of the Advisory Group of the Development Cooperation Forum with members of the Steering Committee of the Global Partnership for Effective Development Cooperation, as well as a Steering Committee outreach event. The aim was to define steps to collaborate in promoting a shared vision of effective development cooperation as an important facet of the

[a] More information is available from www.un.org/en/ecosoc/newfunct/dcfethiopia.shtml.

post-2015 development agenda. It was agreed that exchanges between the secretariats would be increased and that workplans until July 2014 would be coordinated, so as to avoid duplication and ensure greater synergies.

The symposium set the stage for subsequent high-level meetings of the Development Cooperation Forum: on the future of development cooperation (Switzerland, 24-25 October 2013); and on accountable and effective development cooperation in a post-2015 era (Germany, 20-21 March 2014).

The outcomes of the symposium will contribute directly to the ongoing preparations for a post-2015 global development agenda. An informal side event in Geneva will provide a first opportunity to bring the messages to the broader United Nations membership.

The present report includes a summary of the overall key messages of the symposium in section 1 and provides more detail in section 2, in terms of: (a) lessons from the current global partnership for development; (b) challenges shaping a renewed global partnership for development; (c) the way forward to agreeing on a renewed global partnership for development; and (d) supporting the implementation of a renewed global partnership for development. The pre-meetings and side events are listed in section 3.

1. Key messages

(a) **Renewing the global partnership for development is essential to tackling key development challenges.** It must build on the history of Goal 8 of the Millennium Development Goals and the current partnership, as set out in the Millennium Declaration and at Monterrey and Johannesburg. It should galvanize political support at the highest level for an enabling environment for development. To be successful, it must advance the implementation of commitments by the full range of development partners, promote complementary partnerships at all levels, and ensure that partnerships are focused on development priorities in different contexts.

(b) **The renewed global partnership for development should focus on eradicating poverty and putting the world on a more sustainable development path.** It must take into account all existing international commitments on development finance. It will have to respond to the changes in the world and in the development cooperation landscape.

(c) **The principles of the Millennium Declaration remain highly relevant for the global partnership for development in the post-2015 era.** They include solidarity and non-interference, common but differentiated responsibilities and capabilities, and the right to development and greater distributive justice.

(d) **A renewed partnership must build on official development assistance (ODA) as a vital source of development financing.** The commitment of 0.7 per cent of gross national income as ODA must be fulfilled. The modalities, principles and conditionalities of ODA need to be revisited. It should become more comprehensive and serve as a catalyst for promoting trade, investment and technology transfer for development.

(e) **The partnership must intensify action on policy coherence for development to include a range of sources for development financing and**

address the "big picture" issues underpinning sustainable development for all. It must effectively support the sharing of not only resources but also knowledge and capacities. Resources must become more stable and predictable, free from conditionality and untied. Stable financial systems and more equitable economic governance have to be ensured, providing sufficient policy space to developing countries to pursue their national development priorities.

(f) **All actors should engage, on equal footing, in the design of the renewed global partnership for development, as well as its implementation and monitoring.** The partnership must serve to engage all partners and to mobilize political will. It must adequately reflect common but differentiated responsibilities and capabilities. Roles and responsibilities should be well defined to hold all actors accountable for delivery on commitments that they have made.

(g) **Southern partners in development cooperation have a shared interest in engaging in the shaping of a renewed global partnership for development.** They want to see a more broad-based application of their principles and practices. There is a need to streamline the diversity of approaches and improve the efficiency and responsiveness of South-South cooperation, while recognizing that it complements rather than serves as a substitute for North-South cooperation.

(h) **The role of the private sector and corporate social responsibility will be increasingly important to promoting sustainable development. Foundations, as innovators and risk takers, with great flexibility and outcome orientation, are complementing and scaling up development efforts.**

(i) **Effective monitoring and accountability must be key features of a renewed global partnership for development.** To secure positive behaviour change and compliance with commitments, various strands of accountability must interplay successfully. Statistical and other systems' capacity must be strengthened to support national monitoring and to develop a robust baseline of information.

(j) **The Development Cooperation Forum will continue to serve as a hub for candid and inclusive exchange on these issues and could promote global accountability in the post-2015 era by monitoring the renewed global partnership for development.** The Development Cooperation Forum is regarded as a platform on which to make progress on all the topics discussed. It is particularly well placed as a platform for the full range of actors in development cooperation to share lessons based on solid analysis and to give high-level political support to greater accountability. It also provides the space for civil society organizations, the media and parliaments, which should be further empowered to play a greater role in monitoring and accountability.

2. Detailed summary

(a) Lessons from the current global partnership for development

The global partnership for development was meant to enhance policy coherence and mobilize support for the implementation of agreed development goals, including the Millennium Development Goals. The partnership has a rich history, as set out in the Millennium Declaration, the Monterrey Consensus of the International Conference on Financing for Development and the Johannesburg Plan of Implementation, adopted at the World Summit on Sustainable Development.

Goal 8 of the Millennium Development Goals has often been criticized as the "weakest link" in the Millennium Development Goals framework. The Goal focuses on a global partnership for development needed to promote an environment conducive to the achievement of all Goals.

Goal 8 has been hard to quantify without specific targets, and progress has been lagging behind. One of the reasons for this was the inability to bring the spirit of the Goals to people on the ground. Moreover, Goal 8 did not address systemic or structural issues and was perceived as perpetuating a North-South relationship.

Many have criticized Goal 8 for being overly focused on official development assistance. The ODA commitments have not been met by most countries. Moreover, Goal 8 did not take the quality of aid specifically into account. Others point to the Goal's focus on access to affordable medicines or information and communications technologies.

Despite its weaknesses, Goal 8 has set a good starting point. It provides a basis for the renewed global partnership for development to build on the successes and unfinished business of the Goals, including by setting new ambitious targets. The renewed global partnership for development should build on the successes and lessons learned from the Goals, while going beyond them to address structural and systemic issues.

(b) Challenges shaping a renewed global partnership for development

An agenda for poverty eradication and sustainable development

While the global partnership for development in a post-2015 era must address the unfinished business of the Millennium Development Goals, it should also go beyond this. It must look at issues of inclusive, pro-poor and resilient growth, enhanced productive capacities and infrastructure, climate change and environmental degradation, and good governance. Five broad dimensions can be identified, namely poverty eradication, systemic and structural issues, sustainable development, financing for development and international cooperation.

The key purpose of a renewed global partnership for development would be to promote sustainable development and ensure opportunities for sustained prosperity for all. It should be approached not as a goal in itself but as a transformative process with shared responsibilities.

Poverty remains the biggest challenge for international development cooperation, followed closely by inequality. Bringing the economy back on track to facilitate inclusive economic growth and tackling global unemployment, through the creation of decent jobs, are key aspects of this. Any renewed global partnership for development must therefore systematically and effectively capture the specific needs of the most vulnerable countries and ensure the continued centrality of those countries in development cooperation.

Sustainable development integrates the three dimensions of economic growth, social progress and environmental sustainability. The provision of global public goods to address sustainable development challenges will be essential. Other important issues are demographic change and migration, peace and human rights, and the stability of the global financial system.

The renewed partnership should increasingly focus on building capacities at the country level, where appropriate. There is an urgent need to recognize that knowledge and capacity-building have become as important as ODA, if not more so. Developing countries want to further industrialize and increase their production and manufacturing capacities.

Increased usage of information and communications technology can enhance not only the sharing of knowledge and information but also monitoring and accountability. Despite the huge successes achieved, cooperation on technology requires further progress and strengthening of efforts. At the structural level, the international property rights system should also be addressed to enable the broader sharing of technology that will be required to put developing countries on sustainable growth paths.

The global partnership could also help to manage issues of a global and regional nature beyond the reach of any one State. For instance, migrants and remittances have played a great role in poverty reduction; a renewed partnership could support an environment conducive to respecting the rights of migrants and facilitating remittance transfer.

The changing landscape of development cooperation

The development landscape has been changing quickly and will continue to do so. The renewed global partnership for development should ensure that development cooperation strategies and programmes are flexible enough to respond to changes in partner countries.

The global community is moving away from a North-South understanding of global partnership. Any renewed global partnership must be a universal and genuine partnership among equal partners, taking into account the principle of common but differentiated responsibilities. It must be based on the principles of solidarity, equality, national ownership and self-determination, mutual respect and global responsibility.

A renewed global partnership for development must be an attractive tool for engaging all partners and mobilizing political will. As such, it could play a crucial role in bringing all actors together around key challenges. The renewed global partnership should not serve or be seen as a way for the global North to shy away from its commitments. The principle of universality means that all actors take full responsibility according to their own capacities.

An enabling environment for the engagement of all stakeholders should be created. Legal and regulatory frameworks have to be in place to define the rules of the game. Thus, synergies between development partners at different levels and in different forums can be explored. The capacity of all sectors to work together should be strengthened.

South-South cooperation has a unique role in development cooperation and complements North-South cooperation. There is broad acknowledgement that South-South and North-South cooperation differ in their principles, objectives and modalities. This removes the question of subjecting one to the standards of the other. Even with the voluntary nature of South-South cooperation, it would be important to have guidelines for its practices and modalities in international development cooperation. Southern partners are currently working on a more

systematic collection of evidence on their development cooperation. Analysing this evidence and developing their own ways of evaluation will be crucial steps in support of communication and interaction with other actors.

There is demand for an increased role of the private sector in the renewed global partnership for development and for ways to hold it accountable. The private sector and, specifically, small and medium-sized enterprises have the resources and operational knowledge to become true drivers of development. Challenges concerning energy, food security and urban development require the private sector to play a leading role. The private sector could engage in international development cooperation with a programmatic and systematic approach, levelling its activities upward from solely philanthropy to core business activity.

Corporate social responsibility would thus need stronger monitoring, as well as a code of conduct for private sector engagement in the post-2015 development agenda. The "voluntary" regime would need to be tightened to allow more effective accountability and a more equal relationship between the parties. Partnership with the private sector in developing countries must also be aimed more directly at supporting the host country's own industry, through, inter alia, local content rules and technology transfers.

Foundations, with their diverse way of engagement, want to engage selectively, on an issues-based approach, in the implementation of the post-2015 development agenda. Many foundations are keen to engage in continued dialogue to improve understanding of their strengths and their potential contribution to a renewed global partnership for development. They do not want to be seen as cash-dispensing machines for development; rather, they want their substantive contributions, innovations and best practices to be valued as well.

All actors in international development cooperation should have in place codes of conduct tailored specifically to their circumstances.

There is also an urgent need to explore synergies and bring out the complementarities among partnerships at all levels, avoiding competition and duplication. To do so efficiently, the renewed global partnership should stem from a fact-based assessment of lessons learned from the current global partnership for development and from other relevant partnerships.

Multi-stakeholder partnerships can incubate good practices and interventions at the national level and enable broad knowledge-sharing. On the other hand, more multipolar development cooperation poses challenges, in terms of managing the inputs and expectations of all actors.

The global partnership for development should be seen as an overarching framework that addresses structural issues, among other purposes. It should guide all actors in support of implementation and compliance with commitments made. Multi-stakeholder partnerships can support the implementation of specific issues at the operational level.

Financing the post-2015 development agenda

A global partnership for development will be crucial in mobilizing financial resources for development. Financing for sustainable development will pose a huge challenge in the post-2015 setting. Given the current economic situation of

many developed countries, forecasts for an increase in ODA do not look promising. Yet, ODA commitments must be met.

While ODA remains vital, it plays a relatively small role in overall development financing. The renewed partnership should strengthen the role of other forms of financing, including innovative sources of financing, as valuable complements to ODA. Mobilizing domestic resources, including through taxation and tackling of illicit financial flows, can have the most sustained impact for countries to reduce their aid dependency. Further progress on debt sustainability will also be crucial in this regard.

ODA must be used strategically. Given the decline of ODA, donor countries could be expected to make their contributions more predictable. Developing countries could use development cooperation to foster domestic resource mobilization for countries to fully harness their own potential.

Sharing of development results and equality should be emphasized at the operational level. Development cooperation actors must not work in silos; they should build on equitable partnerships at both the global and national levels. Bringing actors together around joint purposes and strategies and reducing fragmentation and duplication will be an important task for the renewed global partnership for development to undertake.

National ownership has to be fostered and development cooperation financing aligned with national priorities. Dialogues should be held with all development stakeholders in order to ensure that activities relate to the national development strategy. There should also be a focus on peacebuilding and institution-building.

(c) The way forward to agreeing on a renewed global partnership for development

Discussions on a renewed global partnership for development have accelerated but still lack strong commitments to create an enabling environment for development. They do not yet match the level of ambition reflected in the broader discussions on the post-2015 development agenda and the issues that it should address.

The principles of the Millennium Declaration remain highly relevant for the global partnership for development in the post-2015 era. The fundamental principles of a renewed partnership include solidarity and non-interference, common but differentiated responsibilities and capabilities, and the right to development and greater distributive justice.

Equality can be supported through a horizontal set-up, rather than a vertical one, with goals for all countries included in the global partnership for development. The global partnership must not be seen as a form of goodwill. It has to reflect the realities of today, where concepts of "east", "west", "north", "south", "OECD" and "non-OECD" need to be revisited. It should be based on the foundation of all people sharing one world, with a more even distribution of global commons and mutual cooperation.

Solidarity will bring a focus on those countries and populations that are most vulnerable. Solidarity and inclusiveness together mean that no one should be left behind.

The renewed global partnership for development must be inclusive and participatory to attract a wide array of actors in development cooperation. It should reflect the concerns of all key development cooperation actors, especially those with limited access to global policy dialogue and citizens' voices. To fully reflect the salience of national ownership and nationally driven development, the broad spectrum of civil society organizations and local governments should be able to contribute to the way in which the new agenda is both agreed and implemented.

(d) **Supporting the implementation of a renewed global partnership for development**

A renewed global partnership for development should have the same universal scope as the post-2015 development agenda that it is meant to support.

Strong national ownership and international support, as well as transparency and accountability, will be essential to implementing such a universal global partnership. Global accountability will require different stakeholders to be clear about their own roles and responsibilities within the various forms of partnership. It will require an adjusted framework for monitoring, which should be inclusive, effective and authoritative. A smart system for accountability should be designed.

The use of different development models most suited to the specific circumstances and conditions is crucial for the effective implementation of the post-2015 development agenda. This will help to fully acknowledge the sovereignty of every country and to root development cooperation in each country's short- and long-term plans and expectations, as well as capacities.

Securing positive behaviour change among people and institutions has to be the aim of monitoring and accountability. Media, and increasingly social media, are vital partners for effective monitoring, by increasing visibility. Civil society strengthens the voice of the poor and marginalized and will play a key role in monitoring a renewed global partnership for development. Despite improvements, the participation of civil society in discussions on international development cooperation remains limited and must be enhanced.

Parliamentarians can act as a critical link between executive branches of Governments and citizens. With their mandates to oversee loan agreements and development cooperation as a whole and their knowledge of citizens' needs, parliaments have a critical role to play in promoting effective and accountable development cooperation and the implementation of the renewed global partnership for development.

Multiple accountabilities have to be ensured across all sectors and levels of actors and partnerships. Genuine partnerships have to be built on a common understanding, transparency and accountability. Some of the tools to be used for this purpose are peer review mechanisms and measures to tackle illicit capital flight and tax evasion.

Global commitments must be translated into country-level commitments, with specific targets to which all partners can commit through inclusive participatory processes. Country-level commitments between the partners must be reflected in the main development planning and budget processes in order to ensure implementation and end-of-the-line accountability provided through parliamentary oversight.

To be transparent and transformative, the renewed global partnership should set qualitative and quantitative indicators. Universal high-level indicators should cover qualitative and quantitative issues and ensure the development and adoption of baselines of each country. They should focus on quality indicators for social areas, inclusive development, innovation and technology and sustainable development. As a result, the impact at the national level could become measurable.

Targets are crucial, as they bear the possibility of changing behaviour if they are well formulated and have credible timescales. To be able to effectively monitor development activities, the number of targets should be reduced and complemented with qualitative descriptions. They should be individual in nature and not apply to groups of actors to ensure greater accountability.

Accountability should be aimed at delivering results for people at the country level. At the same time, these should be anchored in a global accountability framework. For accountability to be effective, it has to be tailored to country-level needs. A wide range of issues has to be taken into account at the national level, including the need for national frameworks, good coordination mechanisms, strong and independent institutions, consultations at the local level and the engagement of subnational authorities. Undertakings have to be understandable to all citizens and thus include their specific environments.

Strong political will and leadership at all levels are essential for effective monitoring and accountability. Institutions need to be independent, yet well coordinated and financially strong. The main focus should be on capacity-building and inclusiveness, especially at the local level. Local governments should also be held directly accountable for their actions.

With the increasing complexity of monitoring processes, collecting good and reliable data has become even more important. Monitoring and accountability have to rely on robust and high-quality data. They should be made available publicly, along with broad and inclusive information. For accountability to work in practice, transparency is imperative.

Existing frameworks for monitoring should be better utilized and streamlined, while ensuring that local context and realities are taken into account. The establishment of parallel monitoring systems should be avoided. The focus should be on streamlining and adjusting the monitoring frameworks into one and using already existing and agreed indicators.

Country systems for monitoring and accountability should be further strengthened. Maximum country ownership could be achieved by working together on a common monitoring system, with a focus on national priorities. Countries should be enabled to track developments as they occur and adjust or respond at a faster pace. For this to work, all actors would need to better use existing national systems.

Peer review mechanisms work and are becoming prestigious. Partners have started to volunteer to be reviewed by programme countries, resulting in a shift in power relations and putting the idea of mutual accountability into practice. Performance evaluation mechanisms in which partners are graded on development effectiveness could also be established. The rankings could be based on individual performance and total volume of development cooperation.

Multilateralism needs to be further strengthened, rather than diffused. At the level of global governance, the reform of the Bretton Woods institutions and of the Economic and Social Council will be key aspects of strengthening multilateral decision-making conducive to development.

The global partnership for development has to be located in a global forum where all voices can be heard. The Development Cooperation Forum and the Economic and Social Council can play an important role in monitoring and accountability in the post-2015 development agenda. The Development Cooperation Forum has extensive knowledge on how the different elements of monitoring and accountability in international development cooperation may fit together. It could support efforts to establish and implement a coherent system within the Economic and Social Council to review the progress of different partners in honouring commitments made under a renewed global partnership for development.

3. Pre-meetings and side events[b]

- Meeting of civil society organizations
- Outreach event of the Global Partnership for Effective Development Cooperation
- Caucus of the least developed countries
- Side event on South-South cooperation and think tanks
- Meeting of the Directors General of Southern partners in development cooperation

[b] The background notes and summaries of the meetings and side events are available from www.un.org/en/ecosoc/newfunct/dcfethiopia.shtml.